Ali Saleh - *Mayor*
Alicia Romero - *Vice Mayor*
Fidencio Joel Gallardo - *Councilmember*
Ana Maria Quintana - *Councilmember*
Nestor Enrique Valencia - *Councilmember*

6330 Pine Avenue
Bell, California 90201
(323) 588-6211
(323) 771-9473 fax

CITY OF BELL

August 12, 2015

City Manager's Adopted Budget Message

Honorable Mayor and City Council,

I am pleased to present the final adopted budget for Fiscal Year 2015-2016. The document is the product of a tremendous effort on the part of many including staff, the community and the City Council.

This year the City of Bell continues to strive towards fiscal stability. Coming off some difficult times in prior years, during 2014 the city benefitted from legal settlements, liquidation of an illegal retirement program, and a major land sale proceed which greatly boosted the General Fund reserve. Last year, the City Council adopted an aggressive budget which required use of some of that reserve funding to embark upon an economic development effort to build the city towards the future. This year, the Council decided to position the city differently and focused on developing a budget which preserves the General Fund.

The task was to create an approach whereby expenditures for all operating costs, including all retirement and Risk Management costs, were met without the use of any General Fund reserves. This challenge was made even greater as unanticipated costs to the State of California for meeting retirement obligations were substantially increased. The strategy used was to employ a number of cost cutting measures including eliminating some positions, increased utilization of Special Funding for allowable administrative costs, reductions across the board in non-personnel spending, deferral of certain Capital Projects and the infusion of one-time and new ongoing revenues.

The net total of General Fund reduction adjustments was $4,183,952. Approximately $2 million of that total was made possible by one-time revenues received, including a $1,713,000 credit from CALPERS, and a $295,633 reimbursement from the State of California for Pre-2004 local agency mandates. It is assumed that we will not benefit from these same sources next year.

The other primary contributors to the General Fund picture are considered potential ongoing sources. Included in this category is a $1,462,549 reduction from last year's budget in personnel and non-personnel line items. Also, a General Fund offset was achieved by allocating

$153,443 in administrative costs to Special Funding sources. An additional $200,000 new ongoing revenue source is from the California Department of Finance in the form of an annual reimbursement for Redevelopment related administrative costs, which is expected to be a continuous source of funding. Finally, local sales taxes were increased by $137,754 from previous estimates based on recently received third quarter results. All adjustments are shown in the Summary attachment.

In total, these measures reduced the use of reserves by $2.3 million from last year. As a result the City of Bell has adopted a Balanced Budget for Fiscal Year 2015-2016. It will be important for the City to continue to seek additional revenue generating and cost saving measures to reach a fiscally sustainable level. Implementation of a significant economic initiative will be a priority this year with the developer selection process to build out the 2.5 acre city owned parcel at Gage and Atlantic. That site is considered a key piece in creating a broader economic development strategy. Also, staff will continue to conduct ongoing reviews of program operations to seek additional efficiencies and cost savings.

This year will be very important as the City Council partners with a new City Manager and supporting administration. Together, they will continue to build towards "the New Bell." There are many reasons to be optimistic about the future for Bell and this budget provides a step in the right direction.

Sincerely,

Jerry Groomes
Interim City Manager, City of Bell